



**CSPN | COLLEGE SAVINGS
PLANS NETWORK**

**Statement
Submitted for the Record
by
The College Savings Plans Network
to the
U.S. House of Representatives Ways and Means Committee
Education and Family Benefits Tax Reform Working Group**

April 15, 2013

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Attn: Education and Family Benefits Tax Reform Working Group
U.S. House of Representatives
1100 Longworth House Office Building
Washington, DC 20515

The College Savings Plans Network (CSPN), an affiliate of the National Association of State Treasurers, appreciates this opportunity to submit for the record our comments regarding education tax incentives and specifically, the federal tax exemption provided to IRC Section 529 plans (529 plans). CSPN represents state entities and officials, and their private sector partners, which create and administer 529 plans in every state with the goal of helping to make higher education more accessible and affordable for all Americans.

At the end of calendar year 2012, 529 plans had more than 11 million accounts with more than \$190 billion in assets invested by American families across the country to help prepare to meet the challenge of funding current and future higher education costs. Appendix A illustrates the steady growth of 529 plans in terms of assets and average account size.

One of the reasons for the steady and continued growth is the federal tax exemption on earnings in 529 accounts. When IRC Section 529 was enacted by Congress in 1996, it provided for federal tax deferral on earnings, with withdrawals taxed at the beneficiary's rate. The passage of the ***Economic Growth and Tax Relief Reconciliation Act (EGTRRA)*** in 2001 strengthened the federal tax benefit by providing for tax-free withdrawals for qualified higher education expenses, with a 2010 sunset. The ***Pension Protection Act*** of 2006 provided for permanency of tax-free withdrawals for qualified higher education expenses.

The states, which provided the initial impetus for tax-advantaged college savings and prepaid tuition programs in the 1980s, recognize the importance of helping families to plan and save for higher education costs. Accordingly, in addition to the federal tax exemption on earnings, every state that has a plan and the District of Columbia complement the federal tax benefit by providing some or all of the following benefits to participants in 529 plans: state tax exemptions on earnings; state income tax deductions or credits on contributions; matching grant programs for low income households; scholarship programs; state financial aid benefits and creditor protections.

State-sponsored 529 plans also are active in community outreach and education programs about the importance of higher education and the ways 529 plans can assist families of all income

levels plan and save for college. 529 plans also are involved in a wide variety of financial literacy programs and other initiatives across the country. Appendix B describes in greater detail a sampling of the many outreach programs, financial literacy initiatives, scholarship programs and matching grant programs maintained by 529 plans across the country.

As the Education and Family Benefits Working Group considers the future of federal education tax benefits, it is undisputed that the importance of higher education has never been greater. College graduates have increased employment prospects and greater protection against job losses. In addition, those with some post-secondary education or training continue to earn higher incomes and have more stable employment than those with just a high school education or less.

As the importance of higher education has increased, so has the cost of college for American families, typically outpacing inflation and cost of living increases. Annual prices for undergraduate tuition (including room and board) rose, on average, 46% at public institutions and 18% at private institutions between 2000-2001 and 2010-2011, according to the U.S. Department of Education's National Center for Education Statistics. Published in-state tuition and fees (including room and board) at public four-year institutions averaged \$17,131 in 2011-2012 according to the College Board's *Annual Survey of Colleges*. Even as participation in 529 plans has increased significantly in the relatively short time they have existed, the student loan debt burden has continued to increase as higher education costs have escalated. Total student loan debt outstanding now exceeds \$1 trillion according to FinAid.com and exceeds total credit card debt in this country. Families need to continue to focus on early planning and saving for higher education costs and reduce reliance on financial aid which, for many families, comes in the form of student loan debt. 529 plans, with their federal and state tax advantages, provide a significant boost to a broad and diverse spectrum of American families.

In addition to the financial imperatives of rising college costs and the need to save for college, studies show that college savings improves college attainment among low and moderate income families. Three studies from the Center for Social Development at Washington University in St. Louis (CFSD) establish a connection between college savings and college enrollment and completion. The CFSD studies found that children with dedicated college savings - of any amount - are six times more likely to attend college than children with no college savings. It appears that the positive effects of saving for college - regardless of the amount - are more than economic and have a positive effect on the college expectations of parents and children. These increases in college aspirations make it likely that more children stay on an academic and social path to not only complete high school but to follow a path towards future higher education.

Considering the current environment, 529 plans are the best long term solution for the challenges presented by rising college costs and student loan debt burdens. Families can and should be encouraged to save what they can afford for future college expenses to reduce reliance on student loans and send a clear message to today's youth about the value and importance of higher education.

CSPN respectfully offers three initiatives focused on ways that Congress can help 529 plans continue to improve college access and affordability:

First, CSPN urges Congress to retain the current federal tax exemption afforded to earnings on 529 accounts and prioritize tax policies to support saving for college. According to “Higher Education Tax Benefits: Brief Overview and Budgetary Effects,” issued by the Congressional Research Service and dated January 16, 2013, federal tax benefits for higher education expenses that are focused on preparing and saving for college are a relatively small portion of total federal education tax benefits.

In addition, the current tax exemption on earnings in a 529 plan is an efficient use of federal tax benefits. All contributions to 529 plans are after tax, so the exemption is only on investment earnings. To the extent the tax incentive generates more savings; the principal portion carries no cost at the federal level.

Second, CSPN urges Congress to adopt legislative initiatives to make saving in a 529 plan even more attractive to moderate income families and remove some of the current disincentives to college savings.

HR 529, sponsored by Rep. Lynn Jenkins (R-KS) and Rep. Ron Kind (D-WI), is designed to help more moderate income families to save for college by:

- Including 529 contributions in the SAVERS tax credit - the current SAVERS Credit applies only to retirement savings and provides a tax credit of up to \$1,000 for an individual filer and \$2,000 for those filing jointly. The eligibility for this credit is limited to those with incomes at or below \$28,750 for an individual and \$57,500 for joint filers for 2012.
- Providing employers with an incentive to contribute to the 529 plans of their employees by allowing employers to match employee contributions of up to \$600 per year in a 529 plan, with the employer match excluded from gross income.

In addition, CSPN is hopeful that a bill will be introduced shortly in the current Congress to provide several administrative enhancements to 529 plans. The first two have been introduced previously and the final three are new:

- Increase investment redirection flexibility from the current once per year to four times per year.
- Include computers and related equipment in the definition of qualified higher education expense.
- Allow re-deposit of refunds from colleges without taxes or penalties, if made within 60 days of the student receiving the refund.
- Allow assets (no more than \$25,000) remaining in a 529 account after a minimum account holding period of 10 years to be rolled over to a Roth IRA for the beneficiary or the account owner. According to the Roth IRA provisions, taxes would be payable on earnings at the time of the rollover, but the 10% earnings penalty would not apply.

This enhancement encourages focusing on both college savings and retirement savings, each an area where Americans need to do more, and is a benefit should a child decide not to pursue higher education or should excess funds remain on completion.

- Remove distribution aggregation requirements. Any existing rationale for the distribution aggregation requirement was eliminated with passage of the federal tax exemption on earnings for qualified distributions. Removal of this requirement would help 529 participants understand the distribution earnings calculation and provide operational and cost efficiencies for plan administrators.

Third, CSPN wants to enhance collaboration with members of Congress and federal agencies to educate and inform American families about the advantages of higher education and the ways saving in a 529 plan can help reach their higher education goals.

CSPN members are willing and able to provide information and resources to members of Congress to provide to their constituents, including articles for newsletters and websites, scripts for video communications, and help in hosting town hall meetings or workshops in their districts on saving for college.

CSPN also wants to work with Congress, the U.S. Department of Education (DOE), the U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) to incorporate messages in their materials about the advantages of saving for college generally and of 529 plans in particular. Specifically, DOE could include information on 529 plans on their website, in financial aid materials, and in their outreach to parents of young children. CSPN would welcome an opportunity to partner with DOE to review current financial aid rules and recommend small adjustments that would promote more college savings by removing the fear that some families have that saving for college will limit their child's ability to qualify for need-based financial aid. Treasury and the IRS also could incorporate 529 plan information in their educational materials to increase awareness and understanding of the value of saving for college. In addition, federal tax forms could encourage and assist taxpayers to direct a portion of federal income tax refunds to 529 accounts.

In conclusion, CSPN believes that continued growth in 529 plan accounts and assets is one of the most effective ways to improve affordable access to higher education and expand the number of students who attend college by:

- Increasing the perception that college can be accessible and affordable
- Improving families' ability to meet the future challenge of paying for college
- Ultimately reducing the need for federal student aid among college age students

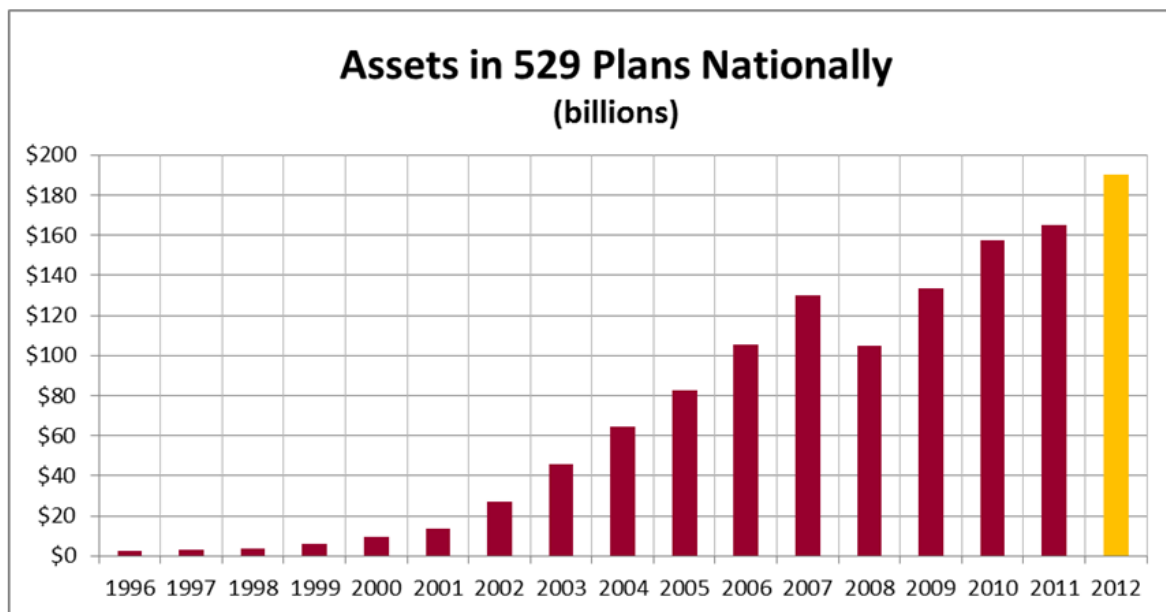
CSPN looks forward to continuing to engage with Congress to enable families to meet the challenge of securing the dream of an affordable higher education for themselves and their children and grandchildren.

Appendix A

529 Plan National Profile as of December 31, 2012:

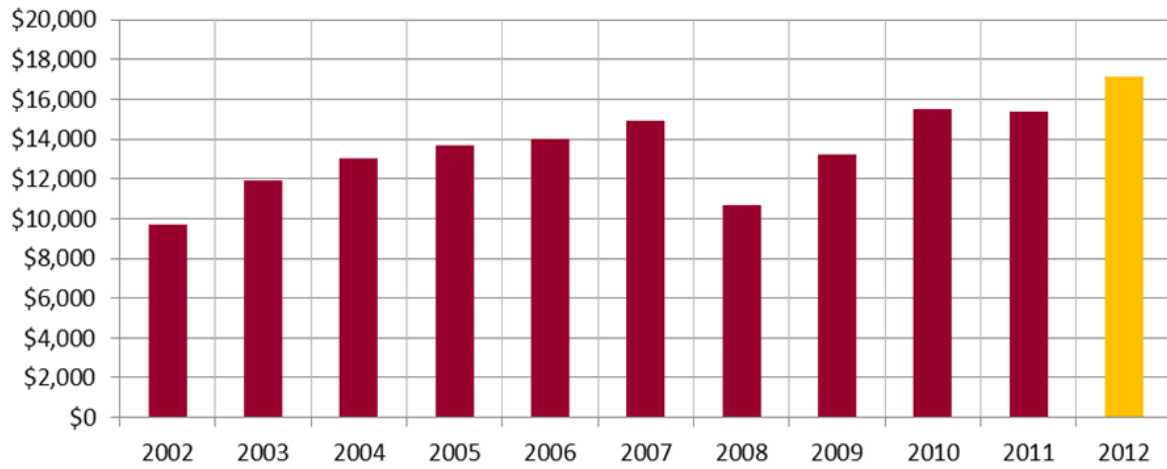
- Over 11 million accounts
- Total investments of more than \$190 billion
- \$22.1 billion in 1.23 million prepaid tuition plan accounts
- 1.34 million accounts took distributions in 2012
- 41% of all accounts receive automatic contributions
- Average account size is \$17,174

529 plans have grown substantially with continued enhancements to plan benefits and states' community outreach programs



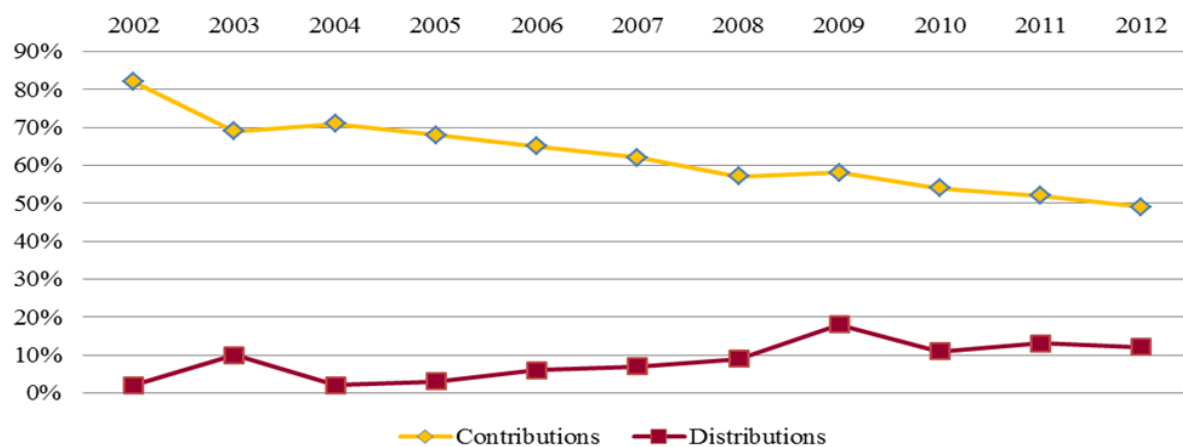
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assets	\$2.4	\$3.3	\$3.9	\$5.8	\$9.3	\$13.6	\$26.9	\$45.8	\$64.7	\$82.5	\$105.7	\$129.9	\$104.9	\$133.4	\$157.4	\$164.9	\$190.4

529 Plan Average Account Size



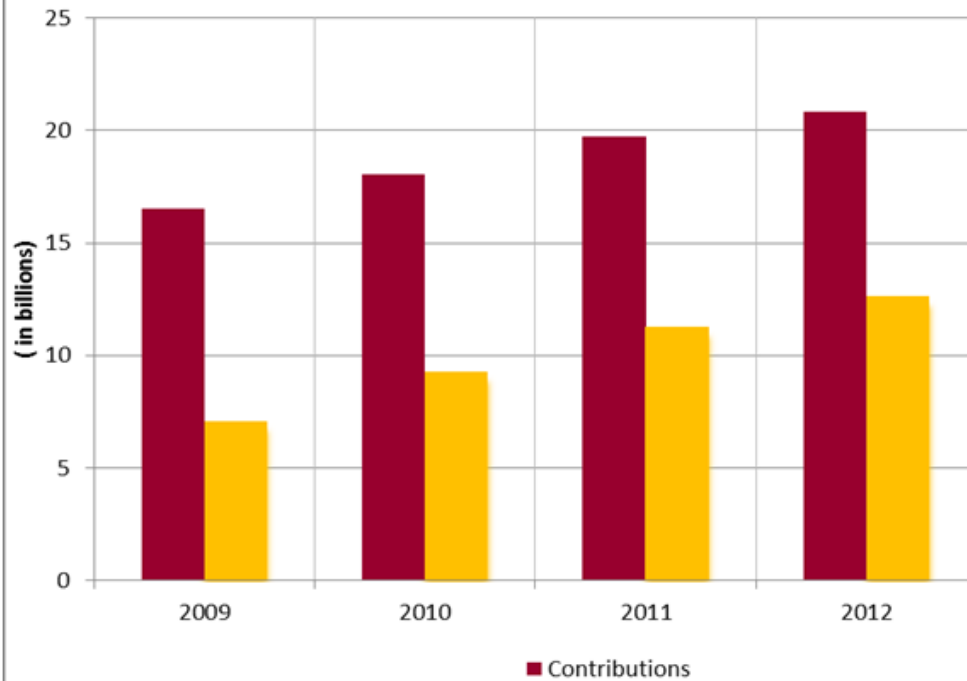
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assets	\$9,688	\$11,929	\$13,022	\$13,689	\$14,026	\$14,932	\$10,690	\$13,188	\$15,492	\$15,349	\$17,154

Percent of Accounts with Activity (year end)



% of accounts with	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Contributions	82%	69%	71%	68%	65%	62%	57%	58%	54%	52%	49%
Distributions	2%	10%	2%	3%	6%	7%	9%	18%	11%	13%	12%

Contribution and Distribution Amounts into 529 Plans Nationally (year end unless noted)



	2009	2010	2011	2012
Contributions	16.54	18.04	19.71	20.84
Distributions	7.1	9.3	11.29	12.66

APPENDIX B

Examples of 529 Plan Outreach and Education Programs by State

ARIZONA

The Arizona 529 Plan engages in the following outreach activities: (i) built a partnership with Valley of the Sun and the Tucson YMCAs to distribute college savings planners throughout the month of October; (ii) promoted its 529 Plan through a coloring contest in *Bear Essential New* with the contest distributed to over 400 elementary and middle schools statewide and the \$250 first place scholarship sponsored by the College Savings Bank; (iii) promoted its 529 plan in Arizona College and Career Guide publication and website; (iv) held a promotion on Arizona College Goal Sunday website; (v) created a college savings planner describing the Plan and its benefits; (vi) promotes the 529 plan on the Arizona Department of Education website, which receives 340,000 visits every 2 weeks; (vii) offers promotional brochures in Spanish; and (viii) incorporated information on the Arizona 529 Plan into the “Rapid Guide to Financial Aid” publication, which is distributed to state-wide college access programs and Title I schools.

COLORADO

The CollegeInvest 529 Scholarship is designed to award scholarships to Colorado residents from low- to middle income families who are currently saving through a CollegeInvest 529 College Savings Plan. Each Scholarship is for \$2,000, for one year. Students can re-apply for up to four times, and a maximum award of \$8,000. To be eligible, an applicant must be a Colorado resident, be the owner or beneficiary of an eligible CollegeInvest 529 College Savings Account, have opened and maintained this CollegeInvest 529 College Savings Account for at least 2 years, complete and submit an online application, and substantiate an Expected Family Contribution (EFC) of \$25,000 or less. The program was initiated in 2010 and awarded 234 scholarships for the 2012-13 school year for a total amount paid of \$424,000.

Colorado also offers the CollegeInvest Matching Grant Program, which is designed to help lower- to middle-income Colorado families save money for higher education, this program can provide eligible account holders with matching funds – up to \$500 each year for up to five years – when they open and contribute to a CollegeInvest 529 College Savings Account.

Eligibility requirements include:

- Both the parent/guardian and the designated child must be Colorado residents
- Applicant must have claimed the child as a dependent for federal income tax purposes
- Child must be 12 or younger at the time of the initial application
- Recipients can qualify for a total of five years, even if the child is older than 12
- Applicants must open and/or make a contribution(s) to their CollegeInvest 529 College Savings Account the program year in which they apply
- Adjusted Gross Income (AGI) cannot exceed published maximums

The program was initiated in 2004 and during the 2011-12 school year the program distributed 1,199 scholarships worth \$522,304 to eligible participants.

CONNECTICUT

The Connecticut Higher Education Trust (“CHET”) is committed to making the program more accessible to low and moderate income families by providing low fees and low minimum initial and continuing contributions, as well as making sure that the program manager aggressively markets CHET in these communities. CHET also engages in the following outreach and educational efforts: (i) gives away school supplies each summer to underserved children as part of its annual Book Bag Donation to help

families get ready for the new school year by providing notebooks, pencils, markers, a string bag and other materials, to get kids off to a good school-year start and in 2011 CHET partnered with the Department of Children and Families (DCF) to distribute 1,529 book bags to the various DCF locations across the state; (ii) runs an annual drawing and essay competition, “Dream Big!” where children grades K-5 tell what they want to be, or how they want to change the world after college, the competition is open to all students, with an emphasis on creating awareness and driving participation among Connecticut’s underserved school districts and larger cities and towns, the competition awards a \$300 contribution to a CHET account, for 96 students equally dispersed across all Eight CT Counties, and the competition culminates with an awards ceremony at Rentschler Field in East Hartford, CT, where the winners receive a certificate and get their pictures taken for their local paper; (iii) ‘adopted’ an after-school program in Waterbury, providing a \$5,000 donation to allow the organization to hire a grant writer to apply for sustaining funds to support their program and CHET has donated a year’s subscription to TestPrepFun.com, an online learning tool to help kids develop skills that will help them succeed on the Connecticut Mastery Test (CMT); (iv) sponsors three minor baseball leagues – the Connecticut Tigers, the Bridgeport Bluefish and the New Britain Rockcats and provides game tickets to various local non-profit organizations whose main focus is to provide services to low-to moderate-income families; (v) runs a parent workshop series with Arte, Inc., as part of the SLATE program (Socialization & Learning Adventures through Exposure) and the SLATE program providing underserved inner city students with skills and opportunities to help them succeed in school and life with the parental component provides workshops such as personal finance and college savings and planning for parents and guardians; (vi) started a new program in 2012, the School Supply Program, to provide “Friday Folders,” Kindergarten orientation kits and other school supplies to every elementary school across Connecticut to help defray the cost of school supplies for teachers and families; (vii) has a Hispanic Consultant in place to ensure that CHET is effectively reaching the Latino community and has translated all of the educational materials, enrollment book, Disclosure Booklet and account forms into Spanish so that Spanish-speaking individuals can read, understand and interact with CHET in the language they prefer; and (viii) has a full-time bi-lingual Field Consultant on staff to reach out to the Hispanic community, give presentations and workshops in both English and Spanish, and to meet one-on-one with Spanish speaking individuals regarding CHET.

INDIANA

Indiana Education Savings Authority (“IESA”) engages in the following outreach activities: (i) Partner/Presenter – 21st Century Scholar Program: speak about the 529 Plan at the 21st Century Scholar parent trainings each year. This program is income based, so it give us a great opportunity to inform these low-moderate income parents about the expenses of post-secondary education outside of the 21st Century scholarship and how saving in a 529 Plan can help offset them; (ii) partners with the Community Action of Greater Indianapolis “Money Management” Financial Literacy camps and through this partnership, both students and parents learn financial skills and the importance of saving, including saving for college; (iii) Partnerships with Community organizations such as the Urban League, Leadership Centers and the Indiana Latino Institute - We provide sponsorship opportunities, informational sessions and reward accounts to various community and civic organizations that cater to the low-mid income families; (iv) promotes its “Little By Little” program, teaching families that saving, even a little at a time, adds up by visiting various kindergarten and elementary school events and distributing its “Little By Little” storybook teaching children about the importance of savings, through various languages and storylines; (v) promotes the “Save, Share, Spend” lesson, by distributing CollegeChoice branded banks that have three sections, for saving, sharing, and spending; (vi) visited college preparation fairs around the state, including reaching out to financial aid and guidance counselors, supplying them with our “Career Chaser” and our “College Prep Book” both are financial literacy and savings tools that help middle school and high school students begin preparing for their future education, while learning that saving and preparing now is important; (vii) partners with LearnMore Indiana, a division of its Commission on Higher

Education, and a number of their campaigns with a focus on planning, preparing and paying for college; (viii) partners with the Money Smart Week Indiana program designed to educate consumers about money management and generate awareness of financial education available on a wide range of topics such as saving, investing, and using credit wisely; (ix) makes it simple for employers to offer the program to employees, as an added benefit, free of charge to the employer and affordable for employees to participate; and (x) sponsors, partners, and appears at numbers of community, civic and family friendly events throughout the entire state ranging from community center events, state and county fairs, and family focused community events to a partnership with the Boy and Girl Scouts, promoting financial literacy through a badge earning program.

KANSAS

The Kansas State Treasurer's Office is committed to making its 529 plans accessible to those with modest amounts to invest. Both our fees and the low account minimum of just \$25 are lower than investors would find for similar mutual fund based products with asset allocation strategies outside the 529 industry. The Kansas Investments Developing Scholars (K.I.D.S.) Matching Grant Program will match the first \$600 that account owners with a household income less than 200% of the federal poverty level contribute to their Learning Quest account each year that their income is eligible. The program is paid for by an appropriation of state funds and is limited to the first 1200 participants each year. Since its inception in 2006, the program has provided over \$2.1 million in valuable incentives for low income investors.

KENTUCKY

The KY 529 plan implements the Dream Out Loud campaign, inviting all schools, including home schools, to participate. Through this campaign, now in its fourth year, students from families of all income levels are given an opportunity consider how college can play a role in their futures. The Challenge has awarded college savings accounts (ranging in size from \$1,500 to \$2,500) to students whose entries are selected as winners by a panel of judges. Schools of the winning students also receive a \$500 award. Community outreach, which plays a vital role in the integrated marketing strategy, includes tactics designed to reach low income families. Community events and/or sponsorships are designed to reflect the mission and values of KHEAA in educating Kentuckians that higher education is attainable regardless of family income.

In an effort to reach families in pockets/regions where traditional marketing strategies may not have reached, KESPT partners with libraries across Kentucky to sponsor the Summer Reading Program. Summer reading participants enter for a chance to win a college savings account. The libraries of the winning entrants also receive a cash prize. Our results have shown that this summer reading partnership has been an excellent way to spread the 529 college savings plan message across the “entire” state, reaching many rural communities with significantly lower average household incomes. Direct mail may also be used to target low and moderate income families. KESPT program manager TIAA-CREF (TFI) is able to segment the market to better target residents by income or other characteristics such as young married couples with children, or single-parent households.

LOUISIANA

Louisiana’s START Saving Program has partnered with the Louisiana Gaining Early Awareness and Readiness for Undergraduate Programs (LA GEAR UP) state grant, which works with a group of over 7000 students enrolled in public high schools with high free and reduced lunch populations. Part of the LA GEAR UP program model is the Rewards for Success (RFS) scholarship program which provides an opportunity for students to earn scholarship money that in turn is deposited into a START Savings account for them. Awards of \$1,000, \$500, and \$250 are tied directly to free and reduced lunch status, academic achievement, parental involvement, and student responsibility. These funds can be used for

college tuition, fees, and other eligible Qualified Higher Education Expenses. Since 2002, \$4,004,750.00 in federal GEAR UP grant funds has been deposited into 4298 START Savings accounts on behalf of students. Additionally, the state of Louisiana provides funding for Earning Enhancements which are applied to student accounts based on income level. Qualifying students earn these additional funds at a rate of 0% to 14% on deposits. To date, \$269,319.76 in Earning Enhancements has been deposited to RFS winners' START Savings accounts. More information on LA GEAR UP is available at www.lagearup.com.

MAINE

The Finance Authority of Maine (FAME), administrator of the NextGen College Investing Plan® (NextGen), has engaged in the following outreach activities: (i) If either the account owner or the account beneficiary is a Maine resident, then the NextGen account is considered a "Maine Account" and may be eligible for matching grants to help open and fund accounts; (ii) Administers the Harold Alfond College Challenge Grant, which provides a one-time \$500 grant for all Maine resident babies to open a NextGen account by the baby's first birthday; (iii) Hosts workshops throughout the state to educate and assist families opening a NextGen account; (iv) Partnership with the Maine Department of Labor and others to help administer the Maine LiLA Program (Lifelong Learning Accounts) which enables Maine workers to upgrade skills and education to meet the demands of businesses for a skilled workforce. (The accounts are set up as NextGen accounts, into which employers match contributions); (v) Partnership with the Maine TRiO programs to encourage first generation, low income students to save for college; (vi) Partnership with Maine Community Foundation to provide grants to children up to age 18 who live in Washington County to open NextGen accounts.

MARYLAND

The following are Maryland's 529 Low and Moderate Income Initiatives for fiscal 2012: (i) attendance at BTS Nights and distribution of BTS flyers across the State including areas that have a larger population of low and moderate income families; (ii) attendance at Parent Information Nights across the State; (iii) employer payroll deduction programs with the State and County employees; (iv) attendance at African American Heritage Festival in Baltimore City, Prince George's County Fair, Charles County Fair, College Education is Within Reach – A College Fair in Spanish at University of Maryland, Financial Empower Day, Columbia International Day, Baltimore County African American Cultural Festival, Greenbelt Labor Day Festival, Enoch Pratt Children's Book Celebration, International Festival, Elijah Cummings How to Pay for College Seminar, Nativity Miguel College Fair for Baltimore City (Nativity Miguel middle schools students are in an underserved community in the inner-city), Money Power Day in Baltimore City, MD Annual Black Caucus Foundation Annual Weekend, Annual Church Compliance Conference vendor, and seven Church college fairs in Baltimore City and PG County; (v) partners with Six Flags America in Bowie, Baltimore Ravens, Maryland Cash Campaign (by distributing brochures at Cash Academy events and tax preparation events across the State), Libraries (by sponsoring summer reading programs in 8 counties across the State), the AFRO American Newspaper Character Education Essay Contest, Prince George's County Schools (by distributing a special technical flyer across student services), African American Heritage Museum (by sponsoring the Black History Month lecture series), Minor League baseball teams (by sponsoring Summer Reading Programs), and Maryland Science Center (by giving out free tickets to families with children 8 and under on a College Savings Plans of Maryland Day); and (vi) distribution of literature to PG County Children's Services, Human Services Coalition (large group of PG County group of non-profits), Libraries, Hospitals, Goodwill Industries (for distribution to new hires), and YMCA of Central MD (for distribution to all new hires and employees).

MASSACHUSETTS

The Massachusetts Educational Financing Authority (“MEFA”) has produced a video which in part features low and moderate income families who have started saving for college. The video is available at: http://www.youtube.com/watch?v=RYa5Y7pWjs&feature=player_embedded. The following are MEFA Savings Outreach to Low- and Moderate Income Families: (i) partner on research project with Harvard University and Stanford University (The Early College Planning Initiative ECPI) examining the effects of a program that attempts to increase awareness about college savings options, simplify the process of opening an account, encourage take-up saving by contributing to the initial balance, and encourage continued savings through automatic monthly contributions (to date, 262 families have participated and 30 U.Fund accounts have been opened); (ii) works with Compass Working Capital, a nonprofit organization that helps working, low-income families save toward a first-time home, a college education, or a small business to provide education about college savings to families (to date, 148 college savings accounts have been opened with 100 of those accounts opened at workshops and 48 opened through IDA programs); (iii) assisted FUEL (Families United in Educational Leadership), an organization *providing knowledge, resources, connections, and financial incentives that empower parents to propel their children into higher education*, with putting together program to offer 529 plan savings option and presentations reaching families and opening college savings accounts; (iv) in partnership with Upward Bound, an organization serving high school students from low-income families and high school students from families in which neither parent holds a bachelor's degree, presented on Early College Planning and Saving for College to parents of students in middle and high schools; (v) with assistance from ACCESS and Boston Interfaith organization staff, presented and supported workshops on savings in Spanish, Portuguese, and Haitian Creole; (vi) held workshops with graduates of the One Family Scholar program, an organization with a mission to end homelessness in Massachusetts through education, to educate them about how to open college savings accounts for their own children; (vii) presented on “saving for college” and “paying for college” as well as staffed a table at The Money Conference, a free one-day event presented by The Office of Massachusetts State Treasury and the Massachusetts Financial Literacy Trust Fund, in conjunction with local cities and community partners to help households build their financial knowledge and improve their financial behavior through quality financial education; (viii) participates in post-deployment events with the National Guard and Reserve to talk with families about saving and paying for college; (ix) presented to groups of young students about planning for college in partnership with the Girl Scouts of Central and Western MA, an organization dedicated to helping girls develop qualities that will serve them all their lives, like leadership, strong values, social conscience, and conviction about their own potential and self-worth; (x) presented to students and parents at College Readiness Workshop in partnership with Southeast Asian Coalition (SEAC), an organization with the mission of helping Southeast Asians in Central MA successfully integrate into the mainstream society while maintaining their unique cultural identity; and (xi) holding seminars and webinars regularly that are open to the public.

NEBRASKA

For Nebraska, we market all of our plans to everyone regardless of their economic status. While we do not target to specific income levels, we do offer scholarships that are blind to all income levels. We also sponsor the Stock Market Challenge which gives scholarships to students who attend Boys and Girls Clubs. These students are generally from lower income families. Our financial literacy program, which we’re launching this Spring 2013, will be targeted to moderate income schools. The program will provide scholarships to students in those schools.

NEVADA

The Nevada Plan engages in the following outreach and educational efforts: (i) hosted 2 Nevada Women Money Conferences in May of 2012 and included granting 200 low to moderate income women access to

the conference free of charge; (ii) raised awareness and participation in the Silver State Matching Grant program, a program providing low to moderate income NV families with up to \$300 per year, per child towards their SSgAUpromise529 account (127 families applied for this program in 2012, vs. the 88 families who applied in 2011); (iii) coordinated a “Financial Fitness for Life” pilot in 10 High Schools in the State of Nevada, with over 1000 students participating with a portion of the participating schools with low to moderate income families and included lessons on the importance of saving for college through a “Millionaire Facts or Fiction” game among other key lessons aimed at increasing financial literacy amongst youth and the importance of obtaining a college degree; (iv) worked with USAA 529 Program Managers to expand the existing USAA Matching Grant Distinguished Valor program to include all active Nevada Military families making less than \$75,000/year; (v) worked with Putnam 529 for America Program Managers to develop a merit based matching grant program to provide matching grant money up to \$1000 annually, with a \$3500 lifetime maximum for beneficiaries of Putnam 529 accounts who meet merit based eligibility criteria; and (vi) conducted a ‘529 Day’ contest with all Nevada Elementary Schools with five \$529 account prizes awarded to families in May to jump start their college savings accounts.

NEW YORK

The Office of the State Comptroller (OSC) and the Higher Education Services Corporation (HESC), together the Program Administrators, are committed to making make low and moderate income families aware of, and encourage participation in, New York’s 529 College Savings Program . The Program employs four full-time field representatives located in various parts of the State that travel throughout the State spreading awareness of the Program. The team has had great success in establishing partnerships with community organizations that support low and moderate income families. These partnerships exist with organizations located in rural areas of the State as well as the large urban areas. The following list are a few examples of statewide activities and partnerships: (i) **NYS PTA** – we work with PTA leaders statewide offering to help them raise awareness of our Program in any district or venue they choose. Many of these sessions are in lower to moderate income districts; (ii) **Civil Service Employee Association (CSEA)** – this statewide government employee Union promotes the Plan at a variety of events, with specific efforts based on raising awareness of their AFL-CIO college savings matching grant; (iii) **Guidance/School Counselors** -- field representatives participate in the annual statewide New York State School Counselors Association (NYSSCA) conference, as well as regional guidance counselor conferences such as, Guidance Expos and TACA (Tompkins Area Counselors Association), Broome-Tioga and various guidance associations on Long Island. Field representatives also partner with HESC’s GEAR UP team promoting the early awareness of preparing for college. We’ve shared a vast array of resources that counselors now have available to assist them in reaching out to parents in their communities; (iv) **Middle School Outreach** --Through Liberty Partnership at Buffalo State College, “Middle School Matters” is a Saturday program for parents and students in the inner city of Buffalo focusing on education, staying in school, careers and training; (v) **NYC Department of Education** -- we maintain an ongoing partnership with over 75 different Public and Charter Schools in the New York City area to promote the program; (vi) **Harlem Children’s Zone (HCZ)** -- transferred over initial SEED accounts in 2007 and began opening new accounts for all their students at all Promise Academies, totaling over 1,200 accounts. Each account was started with \$25 and each family is now eligible to receive a \$150 match each year from HCZ as long as the child remains enrolled in one of their schools; (vii) **Public Prep Network** -- similar to the HCZ model, however, Public Prep matches funds into a parental account (rather than an institution owned account); (viii) in addition to the above mentioned partnerships, we also work closely with ethnic centric entities to promote awareness of the Program. These groups include Circle of Sisters, Univision - Familia Y Hogar, Latino College Expo, New Futuro and the NYS Black & Puerto Rican Legislators Conference.

NORTH DAKOTA

North Dakota's 529 college savings plan, College SAVE, supports a variety of programs that target lower income families. College SAVE has had a Matching Grant program based on income since 2007. In May 2012 we expanded the matching grant opportunities for the third time so that investors who are North Dakota residents, who open an account for children 15 years old or younger, and earn a Federally Adjusted Gross Income of less than \$30,000 annually (\$60,000 if married, filing jointly), may qualify for a matching grant of up to \$500 for three consecutive years. In addition to the matching grant programs, we offer (i) the Children FIRST program which is not income based. Anyone who would like to open a College SAVE account for a North Dakota newborn 12-months old younger will receive a \$100 grant. Account owners have four years to match the \$100. Grandparents and parents alike are participating in the program; (ii) the College SAVE Education Grant Program, in association with North Dakota Dollars for Scholars, targets elementary schools in the state's larger cities, and entire school districts in rural communities with high Free or Reduced Lunch populations (70 percent or higher). The program gives parents in the schools a one-time \$150 contribution from College SAVE when they open a College SAVE account; (iii) College SAVE may also be "sold" by over 40 Financial Advisor Firms and close to 450 Advisors in the State of North Dakota at no additional charge to the consumer – making it a great choice for those seeking further advice on planning for college; (iv) College SAVE also does presentations through organizations across the state that cater to lower income populations and is a huge supporter of Financial Literacy through a variety of channels and marketing materials; (v) College SAVE monetarily supports scholarship programs including the State Chapter of North Dakota Dollars for Scholars (which gives administrative and marketing support to 84 community chapters throughout North Dakota), and initially funded ACT improvement and College Planning Software in every single public and private middle school and high school in North Dakota.

OHIO

The Ohio Tuition Trust Authority, an agency under the Chancellor of the Ohio Board of Regents, offers the CollegeAdvantage Direct 529 Plan while our CollegeAdvantage Advisor 529 Plan is offered through BlackRock. We manage and oversee more than 630,000 accounts with more than \$7.2 billion in assets under managements (as of 12/31/12). These plans are designed for savers of all income levels, investment experience, and risk-tolerance preferences. CollegeAdvantage offers low initial and subsequent contributions of \$25, no annual fee, and lower investment fees on a diverse series of investment options so that savers of all income levels can participate. Our outreach efforts are aimed at building awareness of the program among Ohioans by educating them about the importance of college, how to save to minimize student loan debt, and the federal and state tax benefits to saving with CollegeAdvantage. Approximately four times throughout the year, during particular marketing seasons, CollegeAdvantage advertises on radio stations throughout the state of Ohio, including the eight-largest metropolitan cities and on targeted stations to reach a variety of prospective account owners. In addition, our community outreach efforts are led by five CollegeAdvantage Regional Representatives who are responsible for engaging families throughout the state in discussions about higher education and college savings. Our Regional Representatives work in large urban areas and rural communities throughout the state. Throughout the year, they routinely attend and interact with local citizens at hundreds of events including festivals, community events, job fairs, sporting activities, business programs, college fairs, conferences, county fairs, and more. Two of the largest statewide events include our participation in the Ohio State Fair and the Midwest Black Family Reunion. The Regional Representatives also present information to families at local school events, libraries, day-care centers, as well as youth and community centers to reach families of all income levels. Regional Representatives have participated in the Columbus Baby Bonanza and Kids Expo, the Toledo Baby Bonanza, and the Akron Summit for Kids. At these events, the representatives distribute thousands of enrollment kits and informational brochures. We also work with the Ohio Treasurer's office for the State of Ohio Smart Money financial literacy program, present at numerous school financial literacy and college planning events, and collaborate with colleges'

and universities' in their outreach to future students. CollegeAdvantage partners with and sponsors scholarships for numerous educational programs in order to reach families of young children. We sponsor annual student programs including Invention Convention, Engineering Career Day, and Blueprint to College, a college readiness program for families in the Columbus City Schools. In 2012, CollegeAdvantage partnered with the Lumina Foundation and the Cincinnati Bengals NFL football team to promote higher education and saving for college. Through this partnership, CollegeAdvantage and the Bengals gave away a \$10,000 CollegeAdvantage scholarship through an online sign up and random drawing. We also market CollegeAdvantage to the general public and targeted audiences through direct mail, advertising in association and community directories, and in game-day programs at local and regional sporting events, including the 2013 NCAA March Madness basketball tournament site in Dayton, Ohio.

RHODE ISLAND

The Rhode Island Plan engages in the following outreach and educational efforts: (i) Matching Grant Program with funds deposited in CollegeBoundfund® matching contribution accounts established for the benefit of income-qualifying students and their families (this program is geared toward low- and middle-income families); (ii) CollegeBoundfund Baby Program for beneficiaries of CollegeBoundfund accounts established before the child's first birthday or within one year of the child's adoption (eligible beneficiaries are awarded a \$100 grant into their CollegeBoundfund account); (iii) each year under the Academic Promise Scholarship Program, RIHEAA provides grants of up to \$2,500 per academic year and \$10,000 for four years (\$12,500 for qualifying 5 year programs) to a cohort of 100 per year (400+ over four years) of the highest achieving and neediest Rhode Island students; and (iv) WaytoGoRI.org is a college and career exploration and planning website available free of charge to all Rhode Islanders and helps students identify and build upon their aspirations, guiding them through high school planning, college planning and onto their career.

TEXAS

The Texas Comptroller's office administers the Texas Tuition Promise Fund (TTPF), Texas' 529 plan, and continually works to provide large and diverse populations with information about the program. Specific efforts include the following: (i) participated in interviews with radio and television media in areas with large Hispanic populations, including San Antonio, El Paso, Harlingen, McAllen, Laredo, Dallas and Houston (ii) conducted outreach presentations for families and students at charter schools and Title I schools (iii) presented outreach materials at the Feria de Aprender (The Learning Fair), which provides Hispanic families with information about planning and saving for college (iv) participated at the Back-to-School Bash at major cities statewide, distributing TTPF information, free backpacks and school supplies to low-income families (v) partnered with the Volunteer Income Tax Assistance program, which provides tax assistance to low-income families (vi) participated at Marathon Kids events in Austin, Dallas, El Paso and the Rio Grande Valley, contacting more than 52,000 families (vii) distributed outreach materials at the State Fair of Texas, Children's Museum free night in Houston, community health and wellness fairs across the state, and community libraries statewide. In addition to efforts related to the TTPF 529 plan, the Texas Comptroller's office also administers the Match the Promise Foundation, which collects donations from generous donors that fund scholarships and matching grants for qualified TTPF enrollees. Match the Promise scholarships and grants specifically target families with annual incomes of \$75,000 or less. The first-ever round these scholarships and grants will be awarded in spring of 2013.

UTAH

The Utah Educational Savings Plan (“UESP”) actively campaigns across Utah to promote saving for college. While UESP encourages families of all economic levels to plan and prepare for higher education expenses, many local UESP outreach efforts specifically target families with low-to-moderate incomes. To accomplish this, UESP makes the following initiatives and partners with the following community organizations that support UESP’s mission: (i) backpack brochures are distributed annually to Utah’s elementary schools, 42 percent of which are Title I elementary schools (reaches approximately 125,000); (ii) Fast Forward Matching Program for economically challenged Utah residents matches up to \$400 annually per beneficiary (brochures are distributed through Title I schools; Utah Food Bank Services; Big Brothers Big Sisters; Junior Achievement; United Way of Salt Lake; the Utah Department of Workforce Services; and Women, Infants, and Children (WIC) offices); (iii) mails information about UESP, in conjunction with the Utah Department of Vital Statistics, to every Utah parent with a four-to-six-week-old newborn (information reaches more than 15,500 mothers under the age of 25¹); (iv) sponsor of the Road to Success program, encouraging children from kindergarten to sixth grade to read 20 minutes a day with a parent by entering a child into a drawing to win a \$50 UESP college savings certificate when he achieves specific milestones (currently, 260 of Utah’s 556 elementary schools are enrolled in the program, including 46,800 students in Title I schools); (v) created and sponsors the Transition to Adult Living (TAL) Scholarship designed for qualified youth who are transitioning out of foster care and are ready to begin their post-secondary education with recipients selected based on financial need, potential for academic success, and their desire to complete a post-secondary program of study (a study² performed by Utah Department of Human Services reported that only 33.8 percent of youth who left foster care between 2000 and 2006 attended post-secondary education and training programs within three years of leaving care); (vi) partnership with the Utah chapter of the American Heart Association with their program to help the Hispanic population learn about improving their quality of life, including maintaining good health and achieving a higher education; (vii) partnership with Boys & Girls Club an organization focused on serving boys and girls between ages 6–18 through initiatives that promote such topics as gender inclusion, family involvement, education achievement, career exploration, leadership development, and community service; (viii) supporting Head Start, a comprehensive child development program that provides educational, nutritional, medical, and social services to children and families living in poverty, by donating college savings certificates for fundraising activities and giving presentations about UESP Head Start’s Family Advocates group; (ix) partnering with the Junior League of Salt Lake City, a charitable organization of women committed to promoting volunteerism, developing the potential of women, and improving communities through the effective action, education, and leadership of volunteers, by promoting the UESP Fast Forward Matching Program to low-income women, children, and families through the league; (x) partnering with the United Way of Salt Lake, an organization supporting a community-wide safety net to meet critical needs and working toward long-term solutions in the areas of education, income, and health, by providing information about UESP for its newsletters and links to uesp.org appear on its website; (xi) partners with Utah Community Action Partnership (UCAP), an organization advocating for, supporting, and training agencies funded by Utah’s Community Service Block Grant, utilizing their collective strength to eradicate poverty, by promoting the importance of a higher education in eliminating poverty; (xii) partnering with the Utah Council on Financial and Economic Education, an organization with a mission to educate Utah residents and their children about the importance of financial literacy, by helping drive the mission of this council; (xiii) partnership with Utah Individual Development Account Network (UIDAN) with UIDAN providing a designated match (\$3 for every \$1 deposited) toward purchasing an approved asset (Individual Development Accounts (IDAs) are matched savings accounts that help low-income families break the cycle of poverty).

¹ *Utah’s Vital Statistics: Births and Deaths, 2010*, Office of Vital Records and Statistics, health.utah.gov/vitalrecords/pub_vs/ia10/10bx_10122011.pdf 2010.

² *Assessing Outcomes of Youth Transitioning from Foster Care*, State of Utah, Department of Human Services, 2010.

VIRGINIA

The Virginia College Savings Plan (Virginia 529) engages in the following outreach and educational efforts: (i) SOAR Virginia® is an early commitment scholarship program created by Virginia 529 to inspire and assist high school students from low to moderate income households to reach their post-secondary education goals and to participate, eligible students, commencing with mostly 10th graders, pledge to meet program requirements with participating students receiving a range of assistance and accumulate scholarship support of up to \$2,000 to apply toward their post-secondary education expenses (participating SOAR Scholars must qualify for the National School Lunch Program as certified by the participating high school) (ii) commitment to enhancing financial literacy initiatives throughout Virginia led Virginia 529 to a statewide partnership with Junior Achievement, which provides financial literacy curricula to K-12 students across Virginia (earlier this year Virginia 529 awarded a \$1,000 college savings account to the winner of the Junior Achievement “Dream Job” contest); (iii) partnership with the Virginia Department of Education and the Virginia Bankers Association Education Foundation to develop a year-long web-based curriculum on Economics and Personal Finance to meet statutory Standards of Learning requirements and provided to all Virginia high schools without cost (56 school divisions will be offering the Economics and Personal Finance courses during the 2012-2013 school year, the course is also available online through Virtual Virginia and will initially be taught by 29 teachers throughout the state); (iv) partnership with Partnership for the Future (PFF), which affords one high school student an opportunity to experience a real life work environment during the summer and Virginia 529 conducts annual presentations to prospective PFF members about setting up college savings accounts and how benefits can best be utilized. (the selected student will be eligible to receive wages for their work, and will also receive up to \$2,000 towards a VEST college savings account, to be used for future college costs with 99% of the 500+ PFF students who have participated in the program have matriculated at post-secondary educational programs); (v) partnership with the Virginia College Access Network (VCAN) to help enhance and support access to post high-school educational opportunities for students (annually, Virginia 529 presents information to 250+ members of the organization, which is then distributed across the state) (vi) partnership with the Virginia Council on Economic Education to sponsor the annual Color the Economic Concepts contest, which engages teachers and students in grades K-8 to illustrate their knowledge of economic concepts in a creative and fun way (winning posters are distributed across the state, with winning entries receiving a \$100 VEST College Savings Account); (vii) each year on May 29th, Virginia 529 partners with 10+ hospitals across the state to award \$529 college savings accounts to 529 day babies – those born closest to 5:29 pm at participating hospitals (additionally, this year Virginia 529 awarded ten \$529 college savings accounts to others throughout the state to promote general college savings awareness); (viii) in an effort to enhance reading and writing curriculums across the Commonwealth, Virginia 529 partners with WCVE (Richmond PBS affiliate) to sponsor the annual PBS Kids GO! Writers Contest, which recognizes students in grades K-3 for original, creative stories, which are written and illustrated by the student; (ix) partnership with the Virginia Parent Teacher Association (VPTA) to increase awareness of college savings opportunities throughout the year (Virginia 529 annually makes 20+ presentations to parents and leadership groups, reaching over 5,000 families throughout the state); (x) partnership with the Science Museum of Virginia and NASA Education Specialists to develop and coordinate the Virginia 529 Kids Zone at Richmond International Raceway. Children and adults who visit Richmond’s two annual NASCAR races are able to learn about the influence of science and aerodynamics on the sport of auto racing. Our premier partnership with the Science Museum extends into the museum, with our support helping to fund exhibits while underwriting educational opportunities for students; and (xi) sponsorship of Big Brothers Big Sisters Duck Race, Council of Independent Colleges of Virginia, Hampton Roads 200+ Men Scholars Academic Achievement Breakfast, Organization of Virginia Homeschoolers, Radio One’s Teacher of the Week, Virginia High School League, WTVR-6 Battle of the Brains Contest.

WASHINGTON

Changed their marketing approach to encourage families to “just get started early, save what you can, and plan to add more over the years”, instead of assuming customers will purchase one to five years of tuition at a time. With less emphasis on large purchases, and reminders that “even small amounts add up over time,” families feel more encouraged to begin college savings. Continue to do broad reach marketing through radio and television, and continue to partner with the Department of Health which distributes material directly to ALL families of 6 month olds and 2 year olds in the state, regardless of income level.

Other ways GET reaches out are: enrollment fee is low, \$50, with no annual account maintenance fees of any kind; minimum savings level is one unit (\$172 this year), subsequent contributions can be as small as \$10; lowest monthly plan is \$77/month; Payroll deduction starts at \$20/month and Automatic Withdrawals can be scheduled for as little as \$25/month; GET works with account owners who can document financial hardship, such as waiving refund fees, putting monthly payments on hold, or restructuring payment plans.

WEST VIRGINIA

In 2011, West Virginia kicked off the SMART Match matching grant program for eligible families who need extra help saving for education beyond high school. Those who qualify can receive a match up to \$500 per year and up to \$2,500 lifetime per child. To qualify, the applicant must have filed a WV state income tax return as WV resident in the year prior to opening a SMART529 account. You must claim the child (beneficiary) as a dependent. Beneficiaries must be a WV resident, age 12 or younger at the time of matching grant approval. Eligibility requirements are: 1 dependent- AGI limit of \$50,000 or less; 2 dependents- AGI limit \$60,000; 3 dependents- AGI limit \$70,000; 4 or more dependents-AGI limit \$80,000.

WISCONSIN

The Wisconsin program uses its direct-sold Edvest plan as the focus of statewide outreach activities to distribute materials and answer questions regarding college savings. Covering a mix of urban, agricultural, and outdoor recreation areas, specifically-targeted efforts have included state and county fairs, college and professional sporting events, school college nights, ethnic fairs and festivals, family fun runs, 529 Day at the Zoo, College Savings Month contests, elementary school visits, and visiting other places where families gather. State staff often partners with multi-location events, such as ‘Money Smart Week Wisconsin’ with the Chicago Federal Reserve Bank and the state’s Office of Financial Literacy; ‘College Goal Weekend,’ an annual precollege event organized by the Student Financial Aid Administrators association; lunch and learn sessions at Native nation locations within the state; and wellness and annual benefit fairs with both government and private employers.

The program also partners with UW-Madison’s Center for Financial Security on ‘train-the-trainer’ events for University Extension staff working with family finances. An online ‘Financial Literacy in the Workplace’ program is offered to employers by the state’s Department of Financial Institutions; one learning unit covers 529 college savings plans. In late 2012, the Edvest account-opening minimum was reduced to \$25 to encourage first-time investors, and an insured account was added to the existing bank CD portfolio for those wary of market risk. Advertising and social media will continue to include the low entry message. Employer payroll deduction set up expenses have been covered by the program, and in 2013, workplace micro-websites are planned in 2013 to include calculators and planning information.